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SENATE BILL 828

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Timothy Z. Jennings

AN ACT

RELATING TO TAXATION; PROVIDING INCOME TAX AND CORPORATE INCOME
TAX CREDITS FOR EMPLOYERS WHO EMPLOY DEVELOPMENTALLY DISABLED
PERSONS FOR WAGES IN EXCESS OF THE FEDERAL MINIMUM WAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"NEW MATERIAL TAX CREDIT--EMPLOYERS OF DEVELOPMENTALLY
DISABLED PERSONS. --

A. A taxpayer who files an individual New Mexico
income tax return may claim a credit with respect to each
developmentally disabled employee of the taxpayer who meets the
eligibility requirements in Subsection B of this section in an
amount equal to fifty percent of the amount of wages paid to
the employee in the taxable year for which the credit is

underscored material = new
[bracketed material] = delete

1 claimed.

2 B. For a taxpayer to be eligible for the tax credit
3 in Subsection A of this section for an employee:

4 (1) the employee must have been diagnosed by a
5 licensed physician as meeting the definition of having a
6 developmental disability as defined in Subsection H of Section
7 43-1-3 NMSA 1978; and

8 (2) the employer must pay the employee wages
9 that equal or exceed one hundred twenty-five percent of the
10 federal minimum wage in effect for the taxable year for which
11 the credit is claimed.

12 C. A husband and wife who file separate returns in
13 a year in which they could have filed a joint return may each
14 claim only one-half of the tax credit provided by this section
15 that would have been allowed on a joint return.

16 D. A taxpayer who otherwise qualifies for a credit
17 pursuant to this section may claim his pro rata share of the
18 credit with respect to eligible employees employed by a
19 partnership or other business association of which the taxpayer
20 is a member. The total tax credit claimed by all members of
21 the partnership or association shall not exceed the amount of
22 the tax credit provided in Subsection A of this section with
23 respect to each employee for which the credit is allowed.

24 E. The tax credit provided in this section may only
25 be deducted from the taxpayer's income tax liability. Any

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underscored material = new
[bracketed material] = delete

1 portion of the tax credit provided by this section that remains
2 unused at the end of the taxpayer's taxable year may be carried
3 forward for three consecutive taxable years. "

4 Section 2. A new section of the Corporate Income and
5 Franchise Tax Act is enacted to read:

6 "[NEW MATERIAL] TAX CREDIT--EMPLOYERS OF DEVELOPMENTALLY
7 DISABLED PERSONS. --

8 A. A taxpayer that files a New Mexico corporate
9 income tax return may claim a credit with respect to each
10 developmentally disabled employee of the taxpayer who meets the
11 eligibility requirements in Subsection B of this section in an
12 amount equal to fifty percent of the amount of wages paid to
13 the employee in the taxable year for which the credit is
14 claimed.

15 B. For a taxpayer to be eligible for the tax credit
16 in Subsection A of this section for an employee:

17 (1) the employee must have been diagnosed by a
18 licensed physician as meeting the definition of having a
19 developmental disability as defined in Subsection H of Section
20 43-1-3 NMSA 1978; and

21 (2) the employer must pay the employee wages
22 that equal or exceed one hundred twenty-five percent of the
23 federal minimum wage in effect for the taxable year for which
24 the credit is claimed.

25 C. A taxpayer that otherwise qualifies for a credit

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underscoring material = new
[bracketed material] = delete

1 pursuant to this section may claim the pro rata share of the
2 credit with respect to eligible employees employed by a
3 partnership or other business association of which the taxpayer
4 is a member. The total tax credit claimed by all members of
5 the partnership or association shall not exceed the amount of
6 the tax credit provided in Subsection A of this section with
7 respect to each employee for which the credit is allowed.

8 D. The tax credit provided in this section may only
9 be deducted from the taxpayer's corporate income tax liability.
10 Any portion of the tax credit provided by this section that
11 remains unused at the end of the taxpayer's taxable year may be
12 carried forward for three consecutive taxable years. "

13 Section 3. APPLICABILITY.--The provisions of this act
14 apply to taxable years beginning on or after January 1, 2003.